

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1949 - SB 2074

February 24, 2020

**SUMMARY OF ORIGINAL BILL:** Authorizes any regulatory board, commission, or entity administratively attached to the Department of Commerce and Insurance (DCI) Division of Regulatory Boards or Department of Health (DOH) Division of Health Related Boards to use up to 10 percent of the agency's reserve fund to cover a deficit if the agency did not collect fees sufficient to operate in the current fiscal year. Prohibits an agency from using a reserve fund more than once within a three-year period. Requires an agency using a reserve fund to provide written notice to the Commissioner of the department in which the agency is administratively attached and appear before the Joint Government Operations Committee to discuss use of the fund.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (015027):** Deletes and rewrites all language after the enacting clause such that the only substantive changes are: (1) authorizes an agency to use its reserve fund if the agency did not collect fees sufficient to operate in the two most recent fiscal years, rather than the current fiscal year; (2) requires an agency to provide the Commissioner of the department of which the agency is administratively attached and the Joint Government Operations Committee, a five-year historical profile and a five-year projection of the agency's revenues and expenses; and (3) establishes that an agency is only authorized to use revenue funds to reimburse itself for non-recurring expenses, such as hardware and software, equipment, audit, vehicles, and legal expenses.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-sufficient over any two-year period.
- The proposed legislation could result in a reduction of Regulatory and Health Related Board reserve funds by up to 10 percent for boards and commissions that incur

operational deficits; however, regulatory and health related boards are required to be self-sufficient and would not utilize state funds to cover a deficit.

- The DCI Division of Regulatory Boards experienced a surplus of \$2,476,154 in FY17-18, a surplus of \$2,141,317 in FY18-19, and had a cumulative reserve balance of \$30,967,506 on June 30, 2019.
- The DOH Division of Regulatory Boards experienced a surplus of \$3,621,024 in FY17-18, a surplus of \$2,524,075 in FY18-19, and had a cumulative reserve balance of \$36,189,376 on June 30, 2019.
- The Joint Government Operations Committee meets regularly throughout the year; therefore, any agency appearing before the Committee as a result of the proposed legislation would not require additional travel reimbursement expenses for Committee members.
- Agencies can provide the Commissioner of the department in which they are administratively attached and the Joint Government Operations Committee a historical profile and projection of its revenues and expenses within existing resources.
- No significant fiscal impact to state or local government.

#### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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